

Compliance Assessment Sampling Plan – 9802.00.40 and 9802.00.50

CAT KIT Exhibit 10

Attribute, Test, Error(s) & Criteria	Sampling Parameters	Universe	Potential Sampling Frame(s)	Evaluation of Compliance Testing & Actions Needed
<p>Attribute: Did the articles exported for repair or alteration qualify under the Subheadings 9802.00.40 and 9802.00.50 HTSUS in accordance with 19 CFR 10.8?</p> <p>Test (Primary Audit Steps):</p> <ol style="list-style-type: none"> Determine eligibility for each sampled item. <ul style="list-style-type: none"> Verify that the items were exported for repair or alteration Review foreign operations to determine whether the they qualify for partial exemption under the provisions of HTSUS item 9802.00.40/50 Verify that no drawback was claimed for the articles exported from the U.S. Verify that a repair or alteration took place Request and review importer support for costs of repair work performed abroad. Determine if the company's internal control policies and procedures for 9802.00.40/50 were <ul style="list-style-type: none"> Documented, and Produced accurate 9802.00.40/50 entries. <p>Errors:</p> <ul style="list-style-type: none"> Failed to prove items were exported Drawback was claimed Failed to prove items were repaired or altered Failed to identify items imported as the items previously exported for repair/alteration Repair/alteration resulted in changed article and/or HTSUS classification The importer is unable to provide adequate support or information for the 9802.00.40/50 claim. <p>Criteria for Testing (Statistical Sample or 100% Review):</p> <ul style="list-style-type: none"> CAT determines that the trade area is a high risk trade area. Trade area ≥ \$10,000,000. 	<p>Approach: attribute estimation sampling using the average error rate (point estimate) for evaluating compliance.</p> <p>Confidence Level: 95%</p> <p>Sampling Error (Precision): ±5% (10% range)</p> <p>Anticipated Error Rate: 5%</p>	<p>9802.00.40/50 line items on Customs entries made during the importer's last completed fiscal year</p>	<p>Customs' Records: 9802.00.40/50 Line Items</p> <p>Importer's Records: Inventory of 9802.00.40/50 Articles</p> <p>Sampling Frame: _____</p> <p>Validated Sample: <input type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>Frame Size: _____</p> <p>Sample Size: _____</p>	<p>LOL Compliance Rate: ____ % Systemic/Non-Systemic or Recurring Errors?</p> <ul style="list-style-type: none"> If systemic, recommend importer correct cause of error(s). If recurring, project the effect and recommend collection of unpaid duties and fees. If non-recurring, recommend collection of duties and fees on identified errors, if applicable. <p>LOL Error Rate ≤ 5%</p> <ul style="list-style-type: none"> If internal controls were documented, compliance is at an acceptable level for 9802.00.40/50. If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>LOL Error Rate > 5%</p> <p>Apply materiality criteria. (CAT Kit Exhibit 32)</p> <p>Materiality Compliance Rate: ____ %</p> <p>Materiality Compliance Rate is acceptable</p> <ul style="list-style-type: none"> If internal controls were documented, compliance is at an acceptable level for 9802.00.40/50. If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>Materiality Compliance Rate is unacceptable</p> <ul style="list-style-type: none"> If materiality error rate is not acceptable, importer compliance for 9802.00.40/50 is not acceptable. Coordinate with the Account Manager to help company develop a CIP. <p>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</p>